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september 1986

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automotive FLEET

CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

Toyota Targets Fleet

Van Conversions

Managing the Small Fleet

Fleet Round Table:
ITC/Incentives/Used Cars

automotive FLEET bp

CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

SEPTEMBER 1986
VOL. 25, NO. 11

Influencing the management of 4,584,000 cars and 1,970,000 light trucks and vans in business, leasing, rental, utility, government, police and taxi fleets.

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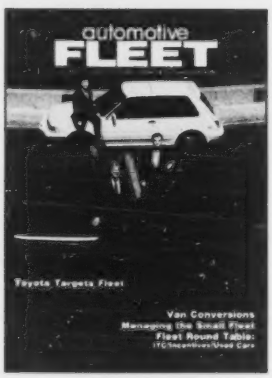

On the cover: Looking to greater fleet opportunities for Toyota Motor Sales, U.S.A., are, front to rear, Toyota Senior Vice President Bob McCurry, his hand on the '87 Tercel; James Perkins, group vice president of sales, marketing, distribution and product planning, with the '87 Camry, and National Fleet and Truck Manager Don Esmond, with the '87 Corolla FX16.

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INDUSTRY NEWS

AUCTION MERGER CALLED OFF

Months of speculation about the proposed merger of the nation's two largest auto auctions ended recently when negotiations were terminated between Atlanta-based Cox Enterprises, the parent of Manheim Auctions, and The British Car Auction Group plc. The merger, which was to have been completed early last month, would have united Manheim and Nashville-based Anglo American Auto Auctions, whose parent, Sandgate Corp., is owned in part by BCA. Anglo operates 12 auto auctions, Manheim 17.

Earlier this year, Manheim had agreed in principle to purchase BCA's 73 percent of Sandgate, as well as the remaining 27 percent from private stockholders. The price was set at $18 a share. According to Anglo President Michael Richardson, complications developed when Cox insisted the two purchases be intertwined. When BCA refused to unscramble them, however, the $18 a share was no longer deemed a fair price.

"We had a very good third quarter," Richardson told *Automotive News*. "In fact, it was so good, it drove the stock price up to 19-and-one-half." At that point, Richardson added, he began to sense the deal might not go through.

Said Manheim's president, Warren Young: "We developed a very high regard for Anglo American... a merger would have been beneficial to the entire auto auction industry."

While Young added that he was "very disappointed" with the outcome, Richardson said he experienced "an enormous feeling of relief."

Helen Bland, president of the National Association of Fleet Administrators, presents NAFA's Distinguished Service Award to Deputy Chief I.B. Pickett of the New Mexico State Police. Also chairman of NAFA's Law Enforcement Group, Deputy Chief Pickett received the award for his exceptional contributions to the profession of fleet vehicle management. Pickett, an active member of NAFA and a staunch supporter of the Law Enforcement Group, has led that group of some 200 law officers for the past five years. Each year, the group holds a seminar/workshop at various cities around the country where participants exchange information and discuss common problems. The most recent such conference was held last month in Charleston, SC.

INSURANCE PROFITABILITY

Underwriting commercial automobile insurance policies has been less profitable for insurance companies in recent years than underwriting private passenger policies, a new study shows.

According to Runzheimer International, an analysis of total industry performance reveals that between 1981 and 1984, commercial auto insurance "loss ratios" rose from 80.74 to 99.48. During the same four-year period, private passenger loss ratios rose from 80.51 to only 83.44.

(Loss ratios reveal losses on claims as a percent of premiums written. A ratio of 100 indicates no loss and no gain — therefore, zero profitability. A ratio below 100 indicates a positive cash flow. A ratio above 100 indicates that claim payouts are greater than premiums taken in — thus, a net loss.)

During 1985, a return to greater profitability was evidenced by an industry-wide loss ratio for commer-

TOTAL INDUSTRY LOSS RATIOS FOR AUTOMOBILE INSURANCE PREMIUMS

	Private Passenger	Year to Year Change	Commercial	Year to Year Change
1981	80.51	—	80.74	—
1982	82.04	+ 1.53	86.56	+ 5.82
1983	80.49	- 1.55	89.97	+ 3.41
1984	83.44	+ 2.95	99.48	+ 9.51
1985	85.93	+ 2.49	91.81	- 7.67

cial automobile insurance rates of 91.81.

"It is obvious that insurance companies, faced with a net loss situation, made some drastic changes in premiums," says Wouter Van De Bunt, Runzheimer corporate vice president. "To stem the claim payouts they have been forced to make on many policies, they sharply increased premiums, or in some cases dropped coverage altogether for high-risk clients.

"As a result, many corporations are faced with greatly reduced coverage for their automotive fleets, much higher insurance premiums, or a combination of the two."

In other insurance news, the Senate okayed a bill that would make it easier for business and professional groups to self-insure for liability coverage. A House subcommittee is considering similar legislation. Auto dealers, leasing companies, and fleet operators have expressed interest in setting up self-insurance groups as a partial remedy to the current shortage of affordable liability insurance.

NEW DEPRECIATION STUDY

The Motor Vehicle Depreciation Coalition lobbied House-Senate tax conferees for three-year vehicle depreciation for both regular and minimum tax purposes with a new study of the issue by Frank Wycoff, a California economics professor and former consultant to the U.S. Treasury Department.

In his study, Wycoff maintained that a five-year recovery for business vehicles — as advocated in the House version of tax reform — is actually punitive to business users. Wycoff's most important finding was that the actual economic depreciation of business cars is very fast in the first 18 months. Such cars are driven an average of 27,000 miles a year — 70 percent more than the household average for new cars.

"Overtaxation of economic income is fundamentally wrong and should be corrected," said the American Automotive Leasing Association, a member of the Coalition, in releasing information about the Wycoff study. "In addition, failure to provide an incentive depreciation schedule for business-use vehicles will injure domestic new car manufacturers more than foreign car manufacturers."

NHTSA SAYS AIR BAGS WORK FINE

The National Highway Traffic Safety Administration is reporting excellent results for the 1983- and '84-model fleets of driver-only air-bag cars it has monitored through the first quarter of '86. Among the bag-equipped vehicles NHTSA is looking at are 5,000 '85 Ford Tem-

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USED CARS

The following are average car prices ending August 6, 1986. Prices are based on wholesale activity at major dealers across the country. They are divided into three zones as indicated on the accompanying map. These averages are calculated electronically in IBM machines. They are based on clean cars only. Proper allowance should be made for upgrading sharp cars and proper deduction taken for fair cars. Automatic transmissions have been included in the averages of all models. This information is published in *Automotive Fleet* by special permission of Automotive Market Report.

Model	AVERAGE AUCTION PRICE Zone 1	Zone 2	Zone 3
83 AMC ALLIANCE			
Sdn 4 Dr L Series	2687	2715	2660
83 AMC CONCORD			
Sdn	2932	2961	2903
Sta Wgn	3097	3127	3065
83 BUICK SKYLARK			
Sdn Custom	3431	3467	3396
82 BUICK SKYLARK			
Sdn	2799	2825	2768
83 BUICK REGAL			
Sdn	4894	4944	4843
Cpe	5034	5086	4982
82 BUICK REGAL			
Turbo Cpe	4413	4455	4367
Cpe	4272	4313	4229
83 BUICK CENTURY			
Sdn Custom	4790	4836	4744
82 BUICK CENTURY			
Sdn Custom	4056	4095	4015
83 CADILLAC			
Cpe DeVille	7990	8069	7911
Sdn DeVille	7943	8027	7864
82 CADILLAC			
Cpe DeVille	6416	6478	6351
Sdn DeVille	6371	6436	6307
83 CHEVY			
Chvt Htchbk 4 Dr	2182	2202	2159
Camaro Cpe 8	5431	5485	5379
82 CHEVY			
Chvt Htchbk 4 Dr	1549	1565	1534
Camaro Cpe 8	4672	4721	4626
83 CHEVY CELEBRITY			
Sdn	4260	4303	4218
82 CHEVY CELEBRITY			
Sdn	3517	3551	3482
83 CHEVY CAVALIER			
Sdn	3478	3514	3444
82 CHEVY CAVALIER			
Sdn	2371	2393	2346
83 CHEVY CITATION			
Cpe 6	2643	2669	2615
82 CHEVY CITATION			
Cpe 6	2046	2067	2027
83 CHEVY MALIBU			
Clas Sdn	3949	3988	3910
Clas Sta Wgn	4111	4151	4071
82 CHEVY MALIBU			
Clas Sdn	3293	3328	2261
Clas Sta Wgn	3439	3472	3403
83 CHEVY MONTE CARLO			
Cpe	5072	5351	5021
82 CHEVY MONTE CARLO			
Cpe	4131	4170	4087
83 CHEVY IMPALA			
Sdn	4450	4493	4405
82 CHEVY IMPALA			
Sdn	3481	3518	3449
Wgn 9	3583	3617	3547
83 CHEVY CAPRICE			
Sdn	5060	5112	5011
Sta Wgn	5235	5288	5184
83 CHRYSLER			
E-Class Sdn	4193	4236	4150
82 CHRYSLER			
New Yorker Sdn	5049	5098	4999
83 DODGE OMNI			
4 Dr Cust	2502	2527	2477
82 DODGE OMNI			
4 Dr Cust	1877	1894	1857
83 DODGE ARIES			
Cpe	2859	2890	2830
82 DODGE ARIES			
Sdn	2176	2196	2155
83 DODGE DIPLOMAT			
Sln Sdn	3458	3491	3422
82 DODGE DIPLOMAT			
Sln Sdn	2769	2795	2741
83 FORD FAIRMONT			
Futura 6-Cyl Sdn 4 Dr	2654	2678	2627
82 FORD FAIRMONT			
Futura Sdn 4 Dr	2376	2398	2350
83 FORD MUSTANG			
L-Cpe 4	3577	3612	3540
82 FORD MUSTANG			
L-Cpe 4	2827	2854	2798
83 FORD LTD			
Sdn	3418	3453	3383
82 FORD LTD			
Sdn	2996	3027	3967
83 FORD ESCORT			
Htchbk 4 Dr	2484	2506	2458
83 FORD CROWN VIC			
Sdn	5676	5732	5623
82 FORD CROWN VIC			
Sdn	3544	3579	3512
83 FORD THUNDERBIRD			
Cpe	5279	5333	5226
82 FORD THUNDERBIRD			
Cpe	4012	4052	3971
83 LINCOLN CONTINENTAL			
Sdn	10126	10228	10026
Mark VI Cpe	10304	10408	10200
82 LINCOLN CONTINENTAL			
Sdn	8056	8134	7976
Mark VI Cpe	8302	8383	8219
83 MERCURY COUGAR			
Cpe	5372	5424	5316
82 MERCURY COUGAR			
GS Cpe	2861	2890	2831
83 MERCURY LYNX			
HtchBk 2-Dr	2448	2472	2422
83 MERCURY MARQUIS			
Sdn	3459	3493	3425
82 MERCURY MARQUIS			
Sdn	3833	3871	3796
Wgn-2S	3953	3993	3913
83 OLDS CIERA LS			
Cpe	4722	4770	4674
Sdn	4781	4830	4735
83 OLDS CUTLASS SUPREME			
Cpe	5327	5381	5274
Sdn	5178	5229	5129
82 OLDS CUTLASS SUPREME			
Sdn	4329	4374	4287
Cpe	4497	4545	4454
83 OLDS DELTA 88			
Sdn	4996	5046	4945
82 OLDS DELTA 88			
Sdn	5114	5166	5063
83 OLDS DELTA 98			
Sdn	6891	6961	6823
82 OLDS DELTA 98			
Sdn	5547	5602	5489
83 OLDS OMEGA			
Sdn	3431	3467	3396
82 OLDS OMEGA			
Sdn	2799	2825	2768
83 OLDS FIRENZA			
Sdn	3826	3866	3789
82 OLDS FIRENZA			
Sdn	3113	3143	3082
83 PLYMOUTH HORIZON			
4 Dr Htchbk	2435	2459	2408
83 PLYMOUTH RELIANT			
Cpe	2868	2897	2839
82 PLYMOUTH RELIANT			
Cpe	2169	2188	2148
83 PONTIAC FIREBIRD			
Cpe 8	5460	5514	5407
83 PONTIAC 6000			
Cpe	4378	4421	4331
Sdn	4437	4480	4390
82 PONTIAC 6000			
Cpe	3656	3692	3618
83 PONTIAC GRAND PRIX			
Cpe	5232	5283	5182
83 VOLKSWAGEN JETTA			
4 Dr Sdn	4332	4373	4288
82 VOLKSWAGEN JETTA			
4 Dr Sdn	3563	3599	3529
83 VOLKSWAGEN L SERIES			
2 Dr Htchbk	3172	3203	3139
82 VOLKSWAGEN RABBIT			
2 Dr Htchbk	2400	2422	2375
83 DATSUN			
Sentra 2 Dr Std Sdn	2676	2703	2650
Stanza Hbk 4 Dr Dlx	3686	3722	3648
82 DATSUN			
210 Std 2 Dr	1930	1950	1912
Sentra 2 Dr	2186	2208	2166
Stanza Hbk 4 Dr Dlx	2973	3004	2943
83 TOYOTA			
Corolla Sedan 2 Dr	3389	3423	3355
Celica St	4851	4900	4804
Camry Sedan	5509	5565	5545
82 TOYOTA			
Corolla 2 Dr Sdn	2683	2710	2656
Celica St Cpe	3960	4000	3919

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City	Cost Per Gallon Unleaded Full-Serve	Self-Serve
Little Rock, AR	117.5	73.4
San Francisco, CA	117.7	84.0
Denver, CO	112.3	80.8
Pensacola, FL	113.9	74.9
Atlanta, GA	107.7	77.6
Lafayette, IN	85.9	67.9
Worchester, MA	88.4	69.9
Kalamazoo, MI	123.9	84.4
Springfield, MO	92.9	89.4
Gulfport, MS	122.9	75.2
Las Vegas, NM	96.9	89.4
Staten Island, NY	104.2	96.4
Dayton, OH	114.2	66.4
Charleston, SC	128.4	80.4
Bellaire, TX	109.9	64.9

Survey conducted during the first five working days of August 1986.
Supplied by Runzheimer International, Runzheimer Park, Rochester, WI.